

Flood News for Michigan Floodplain Managers



A quarterly newsletter of the
Geological and Land Management Division
Michigan Department of Environmental Quality

www.michigan.gov/deq

Steven E. Chester, Director

Jennifer M. Granholm, Governor

Spring '04

We are gradually reducing the number of hard copy mailings of the newsletter and relying more upon electronic distribution and availability. If you are not getting an electronic distribution of the newsletter and desire to do so, please notify me. You may respond by e-mail to thomasl@michigan.com, or mail to Les Thomas, MDEQ-GLMD, PO Box 30458, Lansing, MI 48909.

DISTRICT FLOODPLAIN ENGINEERING STAFF

**SE Michigan: Maria Zingas and
Mario Fusco**

Livonia 734-953-8905

Jackson/Lansing: Donna Cervelli

Jackson 517-780-7699

Lansing 517-335-6266

Saginaw Bay: Joy Brooks

Bay City 989-686-8025 ext 8364

Grand Rapids/Kalamazoo: Matt Occhipinti

Grand Rapids 616-356-0207

Kalamazoo 616-567-3564

Upper Peninsula: Sheila Meier

Gwinn 906-346-8500

Cadillac/Gaylord: Susan Rundhaug

Cadillac 231-775-3960 ext 6363

May Flooding

By David A. Hamilton and Les Thomas

Much of southern Michigan set new records for the total amount of rainfall in May. During the week of May 20th, many southern Michigan communities experienced flood damage to homes and businesses. Ten communities declared local states of emergency due to flood or storm damage. The Emergency Management Division (EMD) of the Michigan State Police has been monitoring local conditions and is collecting impact data to determine the magnitude of the flooding and storm damages.

On June 2, 2004, the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA), in cooperation with the EMD, began conducting a Preliminary Disaster Assessment (PDA) of the flood and storm damaged areas. The PDA teams toured the damaged areas to evaluate the extent of damages to homes, businesses, and public facilities and infrastructure. They found nearly 5,000 homes and businesses had damages exceeding \$32 million. Damage to public property is estimated at approximately \$7.4 million. Flood insurance coverage is very low in the impacted areas. The Governor requested a Presidential Disaster Declaration.

Federal disaster relief assistance is available after a Presidential disaster declaration. The decision by the President to declare a major disaster exists is based upon the Governor's request and supporting data in the PDA report. If an emergency is declared, federal programs to assist in recovery efforts are activated, depending upon the needs found during the PDA.

Federal disaster assistance is grouped into three general categories: individual assistance, assistance to public entities, and hazard mitigation assistance to reduce future losses.

Individual assistance aid can include: funds for temporary housing; grants for repairs not covered by insurance to disaster-damaged homes; direct assistance or grants for construction of new homes; and funds for other necessary and serious needs approved by FEMA. Other types of individual assistance can be provided by Small Business Administration Disaster Loans, Disaster Unemployment Assistance, Legal Services, Special Tax Considerations, and Crisis Counseling. Public assistance includes debris removal, emergency protective measures, road systems and bridges, water control facilities, public buildings and contents, public utilities, and parks, recreational, and others. Hazard mitigation projects include acquisition or relocation of property in high hazard areas, elevation of floodprone structures, and floodproofing activities. Detailed types of assistance included under each of these three categories can be found at the FEMA www.fema.gov/pdf/rrr/dec_proc.pdf website.

Nationally, flooding is recognized as the most costly natural hazard, causing greater loss of life and property than all other natural hazards combined. Floods cause an average of \$4 billion in property damages each year. Over 10 million homes and commercial buildings are located in floodplains. Managing and limiting development in these areas is the most practical and effective means of preventing loss of life and property. Over the last 35 years, national, state, and local

regulations for floodplain development have been enacted to enable floodplain management across the nation.

Floodplain regulation is tied to the base flood elevation, defined as a flood event having a 1 percent chance of being equaled or exceeded in any given year. This is commonly known as the "100-year flood".

Smaller floods can also cause damage, such as a 5-year flood event, a 10-year flood event, and a 25-year flood event, where there is a 20 percent, a 10 percent, and a 4 percent chance, respectively, of having an equal or greater flood occurring in a given year. Michigan Department of Environmental Quality (MDEQ) floodplain engineers estimate that the May flood events were generally in the range of a 5- to 10-year flood across most of southern Michigan; a 25-year flood for the Huron River at Hamburg, Livingston County; and a 50- to 100-year flood for the North Branch of the Clinton River in Macomb County.

Floodplain regulations restrict development to elevations at or above the 1 percent chance flood (100-year flood event) elevation. This approach helps to keep people out of harm's way and helps minimize loss of life and property damage.

The May 2004 floods were unfortunate events that demonstrated to residents in floodplain areas how susceptible lives and properties are to flooding. Actions to mitigate future flood impacts to residential and commercial structures include structure relocation outside of the floodplain, elevating structures above the site-specific 100-year base flood elevation, or, for commercial structures, other floodproofing measures. Federal financial assistance may be available in some areas, depending upon an actual Presidential Disaster Declaration and site-specific conditions.

One simple action that residents located within floodplain areas can take is to obtain flood insurance for their buildings and contents. This insurance is available to all citizens living in communities that participate in the National Flood Insurance Program (NFIP). This is a federal program administered by FEMA that provides flood insurance at reasonable cost in exchange for floodplain development management commitments by participating communities. There are over 25,000 national flood insurance policies in Michigan, representing approximately \$3 billion worth of structural and contents coverage. Since 1978, 8,180 flood damage claims were made on these policies, for approximately \$32.4 million worth of damages. Standard homeowners and commercial property policies generally do not cover flood losses.

One source of funds that individuals affected by the recent floods may be eligible for is "Increased Cost of Compliance" (ICC) coverage. Up to \$30,000 is available to help cover the cost of bringing a person's home or business into compliance with floodplain ordinances. To be eligible for ICC, the following applies:

- The community must be enrolled in the NFIP with Regular Program status.
- Insurance coverage only applies to flood-related structural damage.
- The community must determine the damaged structure to be substantially damaged and that it must be brought into compliance with the local floodplain management regulations for new construction or the community has determined the damaged structure to be a "repetitive loss structure".

- Under repetitive loss, the structure has to have been repeatedly damaged from flood events two or more times in the last 10 years and the community's ordinance must have a repetitive loss provision.
- Under repetitive loss, the structure's flood damage repairs, on average, must equal or exceed 25 percent of the property market value at the time of each flood, and flood insurance claim payments for those losses.

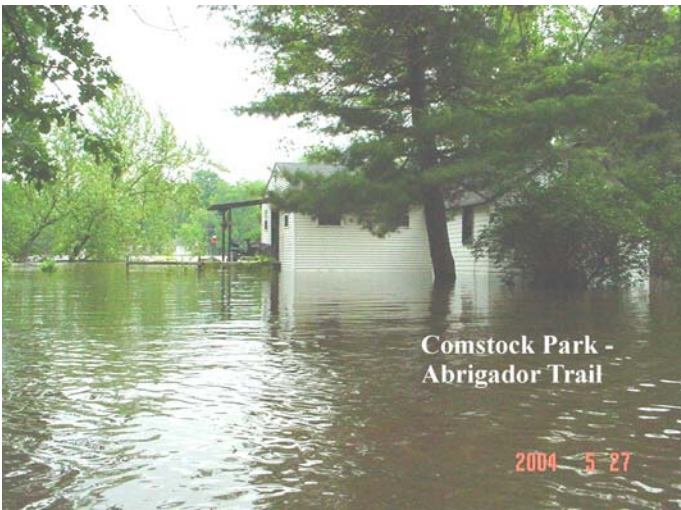
More details on the NFIP ICC program can be found on the FEMA website: www.fema.gov/nfip/f663_icc.shtml, or call the NFIP at 1-800-427-4661.

If you live in a community that has experienced flood damages, but your community is not participating in the NFIP, national flood insurance is not available. Citizens faced with this situation are encouraged to discuss this with their local officials and support them in becoming NFIP participants.

Persons or communities interested in learning more about the NFIP can contact Mr. Les Thomas, NFIP State Coordinator, MDEQ, P. O. Box 30458, Lansing, Michigan 48909, 517-335-3448, thomasl@michigan.gov, or access the NFIP website at www.fema.gov/fima/nfip.

Following are a few pictures of structures being impacted by the recent flood events. (Photos are from the National Weather Service staff and the MDEQ staff.)





Kent County



Properly elevated structure in floodway of Grand River, Plainfield Township



Kent County



Kent County, Plainfield Township. Awning just above water is over the garage door in walkout portion of basement



Kent County, Boat Launch off Shady Drive, Grand River



Kent County, Plainfield Township. Awning just above water is over the garage door in walkout portion of basement



Kent County, Plainfield Township



Kent County, Plainfield Township



Ionia County, Lyons Village Park



Ionia County Fairgrounds, Ionia, Grand River



Ionia County Fairgrounds, Ionia, Grand River



Ionia County Fairgrounds, Ionia, Grand River

FEMA LOOKING FOR A FEW GOOD DISASTER “RESERVISTS”

The Federal Emergency Management Agency (FEMA), now a part of the U.S. Department of Homeland Security, is the federal agency charged with response to and recovery from natural and manmade disasters. It administers the National Flood Insurance Program (NFIP) for land development and new construction, and the Hazard Mitigation Grant Program (HMGP), which provides funding and rules for acquisition and relocation of floodprone structures.

FEMA is relatively small for a federal agency, employing 2,800 full time staff in its Washington, D.C. headquarters and ten regional offices. However, when the President declares a major disaster, FEMA boosts its response and recovery capabilities by bringing on board a cadre of trained people who can work for a few weeks or months helping local communities recover from the disaster and comply with any necessary regulations, such as floodplain development ordinances. These Disaster Assistance Employees (DAEs) are usually retired or self-employed individuals who can report to a disaster field office on very short notice (24-48 hours), give the agency several weeks of uninterrupted time, sometimes twelve hours a day, six or seven days a week, and obviously can leave their homes and families and pets for an extended period. FEMA pays a decent hourly wage based on experience and qualifications, all travel and hotel costs, and a generous per diem allowance. There are no other typical employment benefits, such as insurance or vacation or sick time accrual for DAEs. The satisfaction of helping people in need at a time of crisis and confusion is very worthwhile.

One of the principal DAE responsibilities is to train local building and zoning officials how to make damage assessments after a flood, hurricane, tornado, earthquake, or wildfire, both in order to acquire accurate damage repair estimates and to help assure that any reconstruction complies with local, state, and federal rules. Eight out of ten major disaster declarations are for floods. DAEs also conduct public meetings to explain the rebuilding requirements in floodplains, the flood insurance implications, and similar issues. These are often controversial matters, since rebuilding in a floodplain after being damaged usually requires building up above the regulatory flood elevation, or sometimes even an outright prohibition on rebuilding at that site.

FEMA plans to increase and improve its DAE cadre and is looking for trained building inspectors, zoning administrators, damage estimators, and those with related skills. Obviously, former local floodplain ordinance administrators are also sought after. A typical DAE workday includes an early

reporting to the disaster field office, a meeting to review the day's plans and travel, then travel to a city hall or county building to meet with the local code administrator to discuss what happened, where, and what the reconstruction requirements will be. The floodplain ordinance requires that substantially damaged floodplain buildings comply with the elevation and floodproofing requirements of the NFIP when repaired. This entails the local permit official making a damage assessment, obtaining copies of any contractor estimates from the building owner, determining the fair market value (before the damage occurred) of the structure, and computing the cost of repair to the pre-damaged condition and comparing that to the fair market value. Any structure meeting or exceeding the “50 Percent Rule” must be reconstructed in compliance, just as a brand new building should.

Floods often impact whole neighborhoods and communities, so there is a lot of work to do. Typically, dozens of communities in many different counties are affected. Local code enforcement and permit officials are stretched to the maximum at these times and look forward to receiving help. Disaster victims are eager to get back on their feet and repair their damages as soon as possible, and FEMA helps with supplemental federal disaster assistance grants and loans. However, if the damage occurred in a floodplain, and the community participates in the NFIP (over 19,000 do), people have to obtain a floodplain development permit before they start work, and the permit cannot be issued unless the building official makes the requisite damage assessment and determination. So the pressure is on to get things moving, and the DAE is up front and visible at this time.

The CY 2004 pay scale for Reservists Disaster Assistance Employees ranges from \$20,673 to \$76,995, depending upon grade and level. If this sounds appealing, FEMA would like to hear from you. They can send you a DAE information packet and application, or you may submit a letter of interest and resume.

Write:

Maxine Kinikin, Natural Hazards Program Specialist
Federal Emergency Management Agency
536 South Clark Street, 6th Floor
Chicago, Illinois 60605

Or call her at 312-408-5220

2004 Michigan Stormwater Floodplain Association Conference

By Les Thomas

The one-day conference was held on March 31, 2004 in Lansing, Michigan. About 100 people attended from communities and consulting firms across the state. The agenda included state and federal legislative updates, presentations by USGS on “Floodplain Mapping in a Changing Environment,” and by the Michigan State Police, Emergency Management Division on Michigan’s “Statewide Mitigation Planning Project.” Two panel discussions were part of the agenda. One was with the State of Michigan floodplain management field engineers and permit review staff. It centered on floodplain engineer relationships with the communities and on permit review processing issues. The

other one was with representatives from Michigan Department of Environmental Quality, Michigan Department of Agriculture, Michigan Department of Transportation, and the County Drain Commission Association. The subject title was “The Drain Code and Your Community – Challenges, Conflicts, Opportunities.” Both discussion opportunities were well received by the audience.

Also offered by the conference this year was the proctoring of the Association of Stormwater and Floodplain Manager Certified Floodplain Manager (CFM) exam. Six individuals took the exam.

The general membership approved an amendment to the Association's bylaws that establishes an executive director position. The board of directors subsequently selected Mr. George Hosek as the first Michigan Stormwater Floodplain Association's Executive Director.

Conference evaluation responses demonstrated strong interests in a multi-day conference for next year, with more specialized training to be offered. See the article about plans for the conference next year.

CFM Exam *By Les Thomas*

There is an increased interest in learning more about the Association of Stormwater and Floodplain Manager (ASFPM) Certified Floodplain Manager (CFM) certification program. Six individuals applied to the ASFPM and were approved to take the exam at the March 31 conference. Four of the individuals passed the exam and are now certified floodplain managers. Congratulations to Melissa Madigan of St. Clair Shores and Jeffrey Bednar of Shelby Township both employed by Anderson, Eckstein and Westrick Inc., Justin Longstreth of Coopersville, and Daniel Zay of Grand Ledge, employed by DLZ Michigan, Inc. of Lansing.

Others have expressed interest in taking the exam at next year's conference. The proctoring of the exam then will most

likely be one of the program items for interested people. However, an opportunity to take the exam this fall is planned for those that would rather not wait until next year's conference and for persons interested in retaking the exam. Once a date and location is finalized, a mailing notice using the same distribution list used for this newsletter will be made. The fall schedule provides time for study, submitting the ASFPM application, and becoming approved to take the exam.

For more information about the certification program, you can access the ASFPM website at www.floods.org and click on the "certification" button. You may also e-mail Ms. Anita Larson, Member Services Coordinator, at memberhelp@floods.org for information and assistance, or phone her at 608-274-0123.

ATTENTION FOR ADVANCE PLANNING: 2005 Michigan Stormwater Floodplain Association Annual Conference (Tentative Dates: February 14-16, 2005)

The Association's board of directors began planning for the 2005 annual conference. In response to the expressed interest by many attendees of the 2004 conference in Lansing, the board has tentatively decided on a multi-day conference earlier in the year. **The board has tentatively identified the dates of February 14-16, 2005** for the 2005 conference. The tentative location of the conference has also been moved from Lansing to Traverse City. The board felt that a more northerly location may facilitate better opportunities for the Upper Peninsula and Northern Lower Peninsula communities to attend the conference.

The date selection was made, because the Drain Commissioners Association is having its winter conference that same week; February 16-18, 2005. Members of the Drain Commissioners Association expressed interest in partnering with the MSFA to coordinate both conferences for the same week. A benefit for MSFA is that a great amount of the conference facility arrangements is already being coordinated

by the Drain Commission Association, and the additional days for the MSFA conference can easily be incorporated. Additionally, some of the same vendors, along with other attendees, would be interested in both conferences and there would be the convenience of having the conferences the same week in the same location.

The board will be working through the next few months to develop the conference agenda and schedule for workshops, presentations, and activities. We welcome any suggestions, ideas, or needs that should be considered for the conference program. You can submit input to Les Thomas by e-mail to thomasl@michigan.gov or by mail to Michigan Department of Environmental Quality, Geological and Land Management Division, PO Box 30458, Lansing, MI 48909. Our next planning meeting is scheduled for August 24, 2004, so please submit input before then.

Map Modernization Michigan Update *By Les Thomas*

MDEQ floodplain engineers are working very diligently with the FEMA engineering staff to finalize arrangements to award \$600,000 to \$700,000 of Map Modernization monies to Michigan this year. The award is based on the Five-Year Multi-Hazard Flood Map Modernization Business Plan submitted to FEMA in January 2004. That plan identifies the Department's visions and goals for floodplain management and map modernization, staffing and information technology resources, the Department's full level of involvement over map modernization activities, projected staffing needs, and budget projections.

If fully funded, our Michigan Map Modernization goals for the five-year period are:

1. Assessment of the mapping needs for 1,776 communities in Michigan.
2. Reduction of the average age of the flood maps from 15 years to six years.
3. Production of up-to-date digital flood hazard maps for the 15 percent highest priority areas of the state.
4. Development of flood hazard maps for 50 percent of the unmapped floodprone communities.

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| <ol style="list-style-type: none"> 5. Review all hydrology and hydraulics of all studies prepared by FEMA contractors. 6. Coordinate at the state level with the Michigan Hazard Mitigation Coordinating Council. 7. Participate in various scoping, informational, and final meetings. 8. Review LOMR activity. | <ol style="list-style-type: none"> 9. Oversee/manage CTP projects and other agreements between FEMA, local agencies, communities, or consultants. 10. Update base map layers. 11. Store DFIRMS in a centralized location for easy access of all users. |
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Digital Elevation Data Needed

By Ric Sorrell

FEMA's long-awaited map modernization program is starting this year, and accurate elevation data is one of the most important keys to producing good maps. Many counties and local municipalities are starting to collect digital elevation data, and that information will be a tremendous benefit for the mapping program. The elevation data can be used to extract accurate stream valley cross sections for the hydrologic and hydraulic models and will allow for more accurate mapping of the floodplain determined from the modeling calculations.

FEMA requires that elevation data must be at least 4-foot contours, with 2-foot contours or better preferred.

Digital elevation data can be a key component in FEMA's ranking of counties for new floodplain maps. If you have digital elevation data or are planning to collect it within the next year, please let us know as soon as possible. Contact Ric Sorrell by email sorrell@michigan.gov or by phone at 517-335-3176.

The 2004 ASFPM Annual Conference at Biloxi, Mississippi

By Les Thomas

The Association of State Floodplain Managers (ASFPM) conference was a grand success and an opportunity for floodplain managers across the nation and internationally to meet, discuss, share, and learn from each other. There were 988 registered participants and 66 registered exhibitors. Even though Michigan's representation by individuals was small, our state's spirit of floodplain management support was large and impacting. The Michigan Stormwater Floodplain Association provided a \$1,000 donation to the ASFPM Foundation, with a challenge to all other state associations to provide matching donations. That challenge was an impetus for several other states to follow suit with donations of \$1,000.

The interaction opportunities at this conference is one that floodplain managers should give much consideration to for being able to learn new concepts, new ways of applying old concepts, and to learn from others with firsthand experiences in many floodplain management issues. The smorgasbord offering of networking sessions, field tours, informational

sessions, speakers, training workshops, and technical papers by recognized expert individuals and agencies seemed to provide something for everyone to take back home and apply. The varied group of exhibitors had something to offer for all floodplain management program needs ranging from program administration to specialized engineering software and GIS spatial data management tools, to specialized technology structures for physically managing and controlling flood flows. The important thing to consider is there is a lot to gain by attending one of these conferences. To help Michigan's local communities in justifying travel and attendance to next year's conference, the travel costs will be less, as it is being held in our sister state of Wisconsin. The dates for the 29th annual conference are June 12-17 in Madison. The ASFPM website of www.floods.org is one to bookmark for keeping up to date with what's happening in floodplain management throughout the year and to learn more about next year's conference as the details become available.

What Happens to Community Floodplain Management When Administrative Changes Occur?

By Les Thomas

Never-ending personnel changes in local governments affects the day-to-day and long-term operations of a community. Personnel changes can exemplify "the Good, the Bad, and the Ugly" in community programs. "The Good" occurs when the change is anticipated, such as a retirement, and there is time to make sure that the roles of that position will be adequately carried on by another person through a planned transition. "The Bad" occurs when the change is not expected, and a transition period with the new employee does not happen. However, programs are maintained, and eventually with hard work from the new employee and lots of administrative support, the program operation gets back up to speed, and maybe even better than before. "The Ugly" occurs when the change is not planned for, there is no transition, and the administration fails to recognize the value in the role the prior employee played, or for that matter, the program the employee was responsible for.

I have seen the "The Ugly" occur in the last few months within communities that are participants in the NFIP. Floodplain management has suffered within these communities. Budget cuts, resignations, firings, job advancements, elections, and other events can cause communities to stop providing necessary oversight and regulation of development within their floodplains. The ultimate impact of this failure is on the citizens.

If a community's NFIP participation is sanctioned for their failure to meet FEMA's minimum floodplain management criteria, a citizen's flood insurance premium may increase, or the insurance may no longer be available. A community's action to approve a development within the floodplain carries with it an impression that "all is well." If such approvals have

failed to fully consider floodplain risks and have failed to apply reasonable development controls and restrictions, then there is created an unexpected greater risk of being in harm's way. Community liability can then become an issue if a citizen subsequently experiences structural and personal damages that they may not have suffered if the more reasonable controls and restrictions had been employed by the community. Courts generally hold that governments are immune from liability. However, "Courts have held governments liable to permittees for erroneous issuance of building permits in a number of cases."(1)

It therefore behooves an NFIP community with an effective floodplain management program to maintain a high enough profile among all of the community's programs that its value and importance is not lost with the changing of the guard or budget cuts. Greater benefit to the community and its citizens will be realized in the long run than if it is ignored and left to wither.

(1) Kusler, Jon A., Esq., 4/29/04, "No Adverse Impact Floodplain Management and The Courts", Prepared for the Association of State Floodplain Managers.

Attention Building Inspectors

Must Use "Net" and Not "Gross" Space Area for Flood Proofing Vents

By Les Thomas

Mr. Mike Grimm, Chief of the Community Assistance Section, Risk Assessment Branch, FEMA Mitigation Division, clarified what floodplain managers must consider when determining compliance of wet flood proofing and crawl space vent installations with NFIP criteria 44 CFR Section 60.30(c)(5). This regulation requires: "A minimum of two openings having a **total net area** of not less than one square inch for every square foot of enclosed area subject to flooding shall be provided. The bottom of all openings shall be no higher than one foot above grade." The same regulation provides for the use of "... screens, louvers, valves, or other coverings or devices, provided that they permit the automatic entry and exit of floodwaters." However, using some type of cover **does not** authorize a reduction in the total net area of vent space that **must** be provided for a particular enclosed area. Additionally, the use of any vent closure mechanism that would impede the automatic free flow of floodwaters through the vent from either direction does not comply with the automatic entry and exit of floodwaters criteria of the section.

The bottom line is the net area of the vent opening must be provided for when wet floodproofing is being planned. This means that one must make sure that the area represented by the style and dimensions of any covering over a vent opening must be subtracted from the overall vent opening size. Net area can be measured, calculated, or be obtained from the manufacturers' specifications for the vent/vent cover. For subject structures using wet flood proofing vents, local officials

need to make sure that the proposed venting complies with the community's floodplain ordinance and the minimum NFIP criteria, and that compliance documentation is maintained in the community files. The local officials have this responsibility, and it needs to be addressed for a structure during the plan review stage of the building permit application process. Follow-up inspections after vent installations and before issuance of the occupancy certification are important, and documentation of as-built venting compliance will complete the file on this issue.

Communities should not rely solely on a surveyor's Elevation Certificate (current FEMA form) to provide adequate documentation of compliance with net area venting criteria, since it is the community's responsibility to inspect and determine compliance with its floodplain management ordinance for the size, number, and location of the vent openings. FEMA intends to clarify the Elevation Certificate form currently being used to include a section for recording "total net area of the flood openings." They also intend to provide instructions for the surveyor on how to estimate the net open area, excluding bars, louvers, or other covers. Updates are also intended for Technical Bulletin 1-93, "Openings in Foundation Walls" in order provide clearer guidance on determining "total net area" for floodproofing vents.

In an effort to provide service to and meet specific needs of floodplain managers and other citizens involved or impacted by floodplain management programs, we provide a question/answer segment as a regular item of the newsletter. Staff will select questions, received on a regular basis from the public and from other staff, that they feel may be of interest and value to others. Readers are encouraged to send in questions relative to issues involving floodplain management and the National Floodplain Insurance Program. Staff will review all submitted questions and select those that they believe are applicable to the intent of the newsletter and that can be efficiently researched and clearly answered.

Questions can be e-mailed to thomasl@michigan.gov or sent to Les Thomas, Michigan Department of Environmental Quality, Geological and Land Management Division, PO Box 30458, Lansing, MI 48909-7958.

Questions and Answers

Q: I have heard it said that the NFIP is not a good program for a community to get involved in, because once it does, everybody must buy flood insurance. Is that true?

A: No, that is not the case. Everyone within the community does not have to buy flood insurance. The NFIP is a federal program established by the National Flood Insurance Act of 1968 that provides an opportunity for persons to obtain national flood insurance at a reasonable cost. To qualify for flood

insurance, the community must commit to developing and carrying out a floodplain management program to protect new construction from future flooding. Once a community is accepted into the NFIP, all of its citizens have national flood insurance for their structures and personal property available to them, even if they are not within regulated floodplains.

There is one important mandatory provision. Development within regulated floodplains for which persons obtain a mortgage loan, grant, or other funding that is in any way federally connected, such as FHA, VA, EPA grants, or conventional mortgage from a lender that is regulated or insured by the federal government, must be covered by flood insurance. Persons that self-fund or obtain financing from other sources are not obligated to purchase flood insurance. Persons that are located outside regulated floodplains are not required to have flood insurance. All persons should consider carrying flood insurance, especially since history has proven that a very large amount of flood damage across the nation has occurred outside regulated floodplains. The national flood insurance program saves the American taxpayers and flood victims an estimated \$1.7 billion per year.

Q: Why was the NFIP created, and what value does it have for property owners?

A: Prior to the passage of the National Flood Insurance Act of 1968, people could not buy flood coverage from insurance companies, and building techniques to reduce flood damages in new construction were often overlooked. Now, through the NFIP, people can be insured against flood damage at reasonable rates, annual flood losses through careful

community planning is reduced, the regulation of new construction within floodplains keeps many people out of harm's way, and new building techniques produce structures that can better withstand flood impacts. When a community makes proper use of its floodplains, the amount of potential damage from future flooding is reduced, while the overall value of the community is enhanced.

Q: Is flood insurance required when only a portion of a lot is in a FEMA-identified flood hazard area?

A: If no part of a structure, and only the land or a portion of the parcel is in a flood hazard area, then flood insurance is not required. If any portion of a structure is in a flood hazard area, then the whole structure is considered in, and flood insurance is required when federally connected financing is obtained.

Q: Is flood insurance required outside of flood hazard areas?

A: Flood insurance is not required by the NFIP; however, lending institutions may choose from a business management standpoint to require flood insurance, much like they can require homeowners insurance.

Q: How much flood insurance coverage can be required by a lender under the NFIP?

A: The amount of insurance required can be an amount equal to the outstanding balance of a loan or a maximum amount based upon the type of structure and contents.

Editor: Les Thomas

For questions, comments, or information, contact:

Les Thomas
MDEQ
GLMD
P.O. Box 30458
Lansing, MI 48909-7958

Telephone: 517-335-3448
Fax: 517-373-9965
e-mail: thomasl@michigan.gov

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MDEQ
Office of Personnel Services
P.O. Box 30473
Lansing, MI 48909

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P.O. Box 30458
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